

## Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 CIAE-00 COME-00 EB-11 INR-10

LAB-06 NSAE-00 RSC-01 SIL-01 PA-04 PRS-01 USIA-15

DRC-01 /090 W

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R 161742Z MAY 74

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 824

INFO AMEMBASSY THE HAGUE

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY OLSO

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY VIENNA

USMISSION EC BRUSSELS

USMISSION GENEVA

USMISSION OECD PARIS

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E.O. 11652: NA

TAGS: ELAB, BE

SUBJECT: ACEC STRIKE ENDS; US MNC ABSOLVED OF BLAME

REF: BRUSSELS 1991, 2077, 2369 (ALL NOTAL)

1. SUMMARY. ALL ACEC-WESTINGHOUSE PERSONNEL WERE BACK ON THE  
JOB MAY 13, ENDING FOR NOW CONFLICTS WITH THE FIRM'S WHITE-COLLAR  
AND BLUE-COLLAR WORKERS THAT HAD LED TO 1) THE COMPANY'S

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LOCKOUT OF BOTH GROUPS FOR ONE WEEK; 2) FURTHER DIVERGENCE OF

VIEWS AMONG THE WORKERS; 3) SUBMISSION TO PARLIAMENT OF ANIT-LOCKOUT LEGISLATION BY FORMER LABOR MINISTER GLINNE; AND 4) SOME SURPRISINGLY FAVORABLE PUBLICITY FOR PREVIOUSLY-MALIGNED WESTINGHOUSE. END SUMMARY.

2. THE SEEMING PARADOX IN THE OUTCOME OF THE ACEC CONFLICT SUMMARIZED ABOVE RESULTED FROM CONCERN AMONG TRADE UNION AND FORMER SOCIALIST GOVERNMENT LEADERS THAT CONTINUED INTRANSIGENCE OF ACEC'S INFLATED CONTINGENT OF WHITE-COLLAR WORKERS ABOUT LONG-OVERDUE RATIONALIZATION THREATENED THE EMPLOYMENT OF A FAR GREATER NUMBER OF PRODUCTION WORKERS, AND THAT THE TRADE UNIONS COULD JEOPARDIZE THEIR CONTROL OVER THEIR OWN ORGANIZATION IF THIS AND OTHER MILITANT-LET ACTIONS THAT HAVE CROPPED UP IN USUALLY WELL-DISCIPLINED HAINAUT PROVINCE CONTINUED.

3. THE TRADE UNIONS IN WALLONIA, PARTICULARLY THE DOMINANT SOCIALIST ONES, WERE SIMPLY NOT IN A POSITION FINANCIALLY TO SUSTAIN LONG STRIKES IN CURRENT DISPUTES OVER CONTRACTS IN THE METALLURGICAL AND GLASS SECTORS, WHERE SEVERAL THOUSAND WORKERS WALKED OFF THEIR JOBS IN LATE APRIL AND EARLY MAY. ONLY GRUDGINGLY HAVE UNIONS SUPPORTED THOSE ACTIONS, OR ANOTHER THAT LED TO SEIZURES OF MERCHANDISE AND BRIEF OCCUPATION OF US-OWNED AMPEX, A PRODUCER OF ELECTRONIC COMPONENTS AT NIVELLE. THE ACTIONS HAD SPAWNED A NUMBER OF RADICAL "STRIKE COMMITTEES" OUTSIDE ESTABLISHED UNION FRAMEWORKS.

4. AMONG OTHER AMERICAN FIRMS AFFECTED WAS CATEPILLAR, WHERE HALF THE WORK FORCE HAS BEEN OUT FOR A WEEK. AS AT ACEC, WHERE 64 PERCENT OF THE BLUE-COLLAR WORKERS VOTED TO ACCEPT A 7.80 BF/HOUR WAGE INCREASE SPREAD OVER THE NEXT YEAR BUT WHITE-COLLAR EMPLOYEES FIRST REJECTED A MANAGEMENT PROPOSAL ON REDUNDANCIES BY A BARE 50.7 PERCENT MAJORITY BEFORE THEY RETURNED TO WORK WITH THINGS VERY NEARLY WHERE THEY HAD STARTED IN MARCH, THE CATEPILLAR WORKERS ARE CLEARLY AT ODDS AMONG THEMSELVES.

5. THE MOST STARTLING DEVELOPMENT, HOWEVER, WAS PUBLICATION IN THE SOCIALIST LABOR PAPER, LE PEUPLE, OF A LENGTHY ARTICLE WHICH LAID ACEC'S PROBLEMS AT THE FEET OF ITS FORMER BELGIAN OWNERS AND ITS ALLEGEDLY INCOMPETENT BELGIAN MANAGERS WHO LIMITED OFFICIAL USE

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CONCENTRATED ON RESEARCH WITHOUT ATTENTION TO SALES. BELGIAN MANAGERS, THE PAPER SAID, HAD BEEN GIVEN A FREE HAND BY WESTINGHOUSE OFFICIALS IN THE US TO MAKE ACEC PROFITABLE, ALSO MANAGEMENT TACTICS AT ACEC WERE DECIDED IN BELGIUM BY BELGIANS. THE ARTICLE EXPRESSED CONCERN, HOWEVER, THAT WESTINGHOUSE MIGHT LOSE PATIENCE AND HAVE TO STEP IN TO SALVAGE WHAT IT COULD AT ACEC IF THE INHERITED BELGIAN MANAGEMENT WERE NOT SHAKEN UP. THE ARTICLE CONCLUDED, IN EFFECT, THAT WESTINGHOUSE WAS LEFT WITH

A PIG-IN-A-POKE WHEN THE FRENCH AND ITALIANS REFUSED TO PERMIT THE US FIRM TO ACQUIRE JEUMONT-SCHNEIDER AND MARELLI & TASI, THUS PREVENTING ACOMPIBNATION WITH SPAIN'S CENEMESA THAT COULD HAVE COMPETED WITH PHILIPS AND SIEMENS. FULL ARTICLE IS BEING POUCHED.

6. COMMENT: ONE SWALLOW DOES NOT MAKE A SPRING. NEVERTHELESS, FACT THAT SOCIALIST MOUTHPIECE, WHEN CHIPS WERE DOWN, AS PREPARED TO TURN A NEW LEAF IN VOLUMES OF CRITICISM OF WESTINGHOUSE FOR FAILING TO MEET ALLEGED COMMITMENTS TO MAINTAIN EMPLOYMENT THOURGHOUT ACEC, INDICATES WHERE LINE IS APT TO BE DRAWN IN BELGIUM AND IDEOLOGY AND COLD SELF INTEREST CONTEND. (SEE EMBASSY 2908, 1972, ON BELGIAN ATTITUDES TOWARD MNC'S.) EMBASSY DOES NOT EXPECT RHETORIC TO DECLINE ON SOCIALIST SIDE, OR ON CHRISTIAN SIDE AS IT RESPONDS IN WHAT INCREASINGLY APPEARS TO BE DEVELOPING CONTEST BETWEEN THE SOCIALIST AND CHRISTIAN UNIONS LEADING UP TO NEXT SPRING'S ELECTIONS OF WORK COUNCILS. AS FOR ACEC, IT IS NOT YET OUT OF THE WOODS, BUT NEW TALKS WITH ITS WHITE-COLLAR WORKERS SHOULD BE MORE REALISTIC. STRAUSZ-HUPE

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